

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7072**

**BILL NUMBER: SB 309**

**NOTE PREPARED: Jan 5, 2010**

**BILL AMENDED:**

**SUBJECT:** School corporation expenditures.

**FIRST AUTHOR:** Sen. Alting

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that a school corporation's expenditures from the Capital Projects Fund for utility services and property or casualty insurance may not, in 2010 and 2011, exceed 6% instead of 3.5% of the school corporation's 2005 calendar year distribution.

**Effective Date:** January 1, 2010 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill would increase the amount of utility services and property or casualty insurance than can be paid from the school's Capital Projects Fund (CPF) instead of the school's General Fund for CY 2010 and CY 2011. The bill would allow up to an additional \$116.5 M to be paid from the CPF for utility services and property or casualty insurance. CPF expenditures for utility services and property or casualty insurance would be limited to the lessor of their utility services and property or casualty insurance cost or 6% of their 2005 school formula revenue.

**Explanation of Local Revenues:** School corporations would be permitted to increase the tax rate for the CPF to generate the additional \$116.5 M for CY 2010 and CY 2011. If school corporations increase their CPF rates, the higher tax rates would increase net property tax liabilities and could possibly increase circuit breaker credits if they have been triggered. All taxing units would be affected by the loss of revenue from any increase in circuit breaker credits.

**State Agencies Affected:**

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.